

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

PRE SOLUTIONS, INC., a Georgia corporation,	)	
	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 07-241 (JJF)
	)	
BLACKHAWK NETWORK, INC.,	)	JURY TRIAL DEMANDED
formerly known as and doing business as	)	
BLACKHAWK MARKETING	)	
SERVICES, INC., an Arizona	)	
corporation; and SAFEWAY, INC., a	)	
Delaware corporation,	)	
	)	
Defendants.	)	

**PARTIES' JOINT STATUS REPORT**

Pursuant to paragraph 7 of the Court's August 9, 2007 Scheduling Order, the parties hereby submit their Joint Status Report in anticipation of the February 28, 2008 Status Conference.

**A. Discovery**

1. Plaintiff Pre Solutions, Inc. ("Plaintiff") and Defendants Safeway, Inc. and Blackhawk Network, Inc. ("Defendants") have each served on each other written discovery requests, including interrogatories, requests for admissions and requests for production of documents.

2. Defendants have responded to Plaintiff's written discovery requests and have produced documents in response to Plaintiff's document demands. Plaintiff has sent several letters detailing deficiencies it believes exist in the responses and document production made by Defendants thus far. If these issues are not resolved informally, Plaintiff intends to file a Motion

to Compel.

3. Plaintiff's responses to the written discovery served by Defendants are due in the ordinary course by March 3, 2008, though Defendants have pre-approved a two-week extension for Plaintiff to respond to Defendants' discovery requests if needed in light of Plaintiff's earlier agreement to grant Defendants a two-week extension to respond to Plaintiff's discovery requests. If Plaintiff's discovery responses are deficient and efforts to resolve any deficiencies informally are unsuccessful, Defendant may file a Motion to Compel.

4. Plaintiffs and Defendants have both served deposition notices for all depositions they currently anticipate taking, though each side reserves their right to notice additional depositions. None of the depositions have been conducted thus far.

5. The current discovery cut-off date is March 10, 2008. However, on February 1, 2008, the parties received notice that this matter was being transferred to the docket of Judge Joseph J. Farnan, Jr. Therefore, the parties anticipate that the schedule may change but have not received any notice of any such change at this time.

6. As discussed below, the parties are actively engaged in settlement discussions and may jointly request a modest modification to the discovery schedule in order to allow the parties time to reach an informal resolution of this matter and avoid the expense of burdensome discovery.

**B. Settlement Discussions**

The parties have been engaged in active settlement negotiations throughout the pendency of this case, including the exchange of a large amount of documents and information and numerous telephone conferences involving key business people familiar with disputed factual issues. Discussions concerning a potential informal resolution of this case are continuing.

Defendants made a formal written settlement offer on January 31, 2008, to which Plaintiff will be responding soon.

**C. Motion Practice**

If the case does not settle, Plaintiff anticipates filing a Motion for Summary Judgment or Motion for Partial Summary Judgment by the current dispositive motion cut-off of May 23, 2008.

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